



Agency Legislative Proposal - 2016 Session

Document Name (e.g. OPM1015Budget.doc; OTG1015Policy.doc): **AAC the Connecticut Bioscience Innovation Fund**

(If submitting electronically, please label with date, agency, and title of proposal – 092611_SDE_TechRevisions)

State Agency: Connecticut Innovations

Liaison: Rob Michalik

Phone: 860-270-8186

E-mail: rob.michalik@ct.gov

Lead agency division requesting this proposal:

Agency Analyst/Drafter of Proposal: [Click here to enter text.](#)

Title of Proposal: AAC the Connecticut Bioscience Innovation Fund

Statutory Reference: 12-704d

Proposal Summary:

CI proposes to allow returns on CBIF investments to accrue back to CI generally (currently they revert back to the fund only), given that CI provides oversight, management, and sourcing of investments to the fund.

PROPOSAL BACKGROUND

◇ Reason for Proposal

Please consider the following, if applicable:

- (1) Have there been changes in federal/state/local laws and regulations that make this legislation necessary?
- (2) Has this proposal or something similar been implemented in other states? If yes, what is the outcome(s)?
- (3) Have certain constituencies called for this action?
- (4) What would happen if this was not enacted in law this session?

This proposition would provide CI with greater funding flexibility, including for follow-on investments in those companies previously funded by CBIF.

◇ Origin of Proposal

☒ New Proposal

☐ Resubmission

If this is a resubmission, please share:

- (1) What was the reason this proposal did not pass, or if applicable, was not included in the Administration's package?
- (2) Have there been negotiations/discussions during or after the previous legislative session to improve this proposal?
- (3) Who were the major stakeholders/advocates/legislators involved in the previous work on this legislation?
- (4) What was the last action taken during the past legislative session?

[Click here to enter text.](#)



PROPOSAL IMPACT

◇ **AGENCIES AFFECTED** *(please list for each affected agency)*

Agency Name: Agency Contact (<i>name, title, phone</i>): Date Contacted:
Approve of Proposal <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Talks Ongoing
Summary of Affected Agency's Comments
Will there need to be further negotiation? <input type="checkbox"/> YES <input type="checkbox"/> NO

◇ **FISCAL IMPACT** *(please include the proposal section that causes the fiscal impact and the anticipated impact)*

Municipal <i>(please include any municipal mandate that can be found within legislation)</i> None
State To the extent that these changes make CI self-sustaining, the impact is positive.
Federal None
Additional notes on fiscal impact Click here to enter text.

◇ **POLICY and PROGRAMMATIC IMPACTS** *(Please specify the proposal section associated with the impact)*

--



Insert fully drafted bill here

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 32-41cc of the general statutes, as amended by sections 54 and 55 of public act no. 15-5 (June Sp. Sess.), is repealed and the following is substituted in lieu thereof (*Effective July 1, 2016*):

(a) There is established a Connecticut Bioscience Innovation Fund, to be held, administered, invested and disbursed by the administrator pursuant to this section. The fund shall contain any moneys required or permitted by law to be deposited in the fund and any moneys received from any public or private contributions, gifts, grants, donations, bequests or devises to the fund. Pending disbursement as financial assistance to eligible recipients, moneys in or received for the fund may be deposited with and invested by any institution as may be designated by the administrator at its sole discretion and paid as the administrator shall direct, and the administrator may make payments from such deposit accounts for use in accordance with the provisions of this section. [Repayment of principal and interest on loans issued from the fund] Interest or other earnings attributable to such temporary investments shall be credited to the fund and shall become part of the assets of the fund. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fund for the fiscal year next succeeding.

(b) Any payments of loan principal or interest, returns on investment or other income or earnings made to or received by the administrator as a result of financial assistance provided from the Connecticut Bioscience Innovation Fund to eligible recipients[, or attributable to the investment of the fund by the administrator, shall be deposited and held for the use and benefit of the fund. Moneys in or received for the fund may be deposited with and invested by any institution as may be designated by the administrator at its sole discretion and paid as the administrator shall direct. The administrator may make payments from such deposit accounts for use in accordance with the provisions of this section]shall be received by the administrator for the account of, and shall be paid over to, Connecticut Innovations, Incorporated as unrestricted funds of the corporation for purposes of subsection (b) of section 32-41a of the general statutes.

(c) The Connecticut Bioscience Innovation Fund shall not be deemed an account within the General Fund and shall be used exclusively for the purposes provided in this section.

(d) The Connecticut Bioscience Innovation Fund shall be used (1) to provide financial assistance to eligible recipients as may be approved by the advisory committee pursuant to subsection (e) of this section, (2) for the repayment of state bonds in such amounts as may be required by the State Bond Commission, and (3) to pay or reimburse the administrator for



administrative costs pursuant to subsection (j) of this section. Such financial assistance shall be awarded to further the development of bioscience, biomedical engineering, health information management, medical care, medical devices, medical diagnostics, pharmaceuticals, personalized medicine and other related disciplines that are likely to lead to an improvement in or development of services, therapeutics, diagnostics or devices that are commercializable and designed to advance the coordination, quality or efficiency of health care and lower health care costs, and that promise, directly or indirectly, to lead to job growth in the state in these or related fields.

(e) All expenditures from the Connecticut Bioscience Innovation Fund, except for administrative costs reimbursed to the administrator pursuant to subsection (j) of this section and amounts required for the repayment of state bonds in such amounts as may be required by the State Bond Commission, shall be approved by the advisory committee. Any such approval shall be (1) specific to an individual expenditure to be made, (2) for budgeted expenditures with such variations as the advisory committee may authorize at the time of such budget approval, or (3) for a financial assistance program to be administered by staff of the administrator, subject to limits, eligibility requirements and other conditions established by the advisory committee at the time of such program approval.

(f) Connecticut Innovations, Incorporated shall provide any necessary staff, office space, office systems and administrative support for the operation of the Connecticut Bioscience Innovation Fund in accordance with this section. In acting as administrator of the fund, the administrator shall have and may exercise all of the powers of Connecticut Innovations, Incorporated set forth in section 32-39, provided expenditures from the fund shall be approved by the advisory committee pursuant to subsection (e) of this section.

(g) The advisory committee shall establish an application and approval process with guidelines and terms for financial assistance awarded from the Connecticut Bioscience Innovation Fund to eligible recipients. Such guidelines and terms shall include (1) a requirement that any applicant for financial assistance shall be operating in the state, or proposing to relocate operations to the state, in whole or in part, as a condition of such financial assistance, (2) limitations on the total amount of financial assistance that may be awarded in the form of loans and grants, (3) eligibility requirements for loans and grants designed to encourage and support collaborative ventures among eligible recipients, (4) peer review requirements, (5) a process for preliminary review of applications for strength and eligibility by the administrator before such applications are presented to the advisory committee for consideration, (6) return on investment objectives, and (7) such other guidelines and terms as the advisory committee determines to be necessary and appropriate in furtherance of the objectives of this section.



(h) Financial assistance awarded from the Connecticut Bioscience Innovation Fund to eligible recipients shall be used for costs related to facilities, necessary furniture, fixtures and equipment, materials and supplies, peer review, proof of concept or relevance, compensation, and such other costs that the advisory committee determines to be eligible for financial assistance within the purposes of this section.

(i) Beginning January 1, 2014, the administrator shall prepare for each fiscal year a plan of operations and an operating and capital budget for the Connecticut Bioscience Innovation Fund. Not later than ninety days prior to the start of the fiscal year, the administrator shall submit the plan and budget to the advisory committee for its review and approval.

(j) Administrative costs shall be paid or reimbursed to the administrator from the Connecticut Bioscience Innovation Fund, provided the total of such administrative costs in any fiscal year shall not exceed five per cent of the total amount of the allotted funding for such fiscal year as determined in the operating budget prepared pursuant to subsection (i) of this section. Nothing in section 32-41aa, as amended by public act 15-222 and this act, 32-41bb or this section shall require the administrator to risk or expend the funds of Connecticut Innovations, Incorporated in connection with the administration of the Connecticut Bioscience Innovation Fund.

(k) Not later than April 15, 2014, and annually thereafter, the administrator shall provide a report of the activities of the Connecticut Bioscience Innovation Fund to the advisory committee for its review and approval. Upon its approval, the advisory committee shall provide such report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding, appropriations, commerce, public health and higher education. Such report shall contain available information on the status and progress of the operations and funding of the Connecticut Bioscience Innovation Fund and the types, amounts and recipients of financial assistance awarded and any returns on investment.